Budget & Taxation — Lesson Plan

Teach fiscal policy by running a real budget

Grade range: 7-12 · **Time:** 5 sessions, 15-25 min each · **Subject:** Economics / Civics

Objective

Students learn the relationship between taxation, government spending, deficits, and citizen happiness — by managing all of them in real time.

Core concepts covered

- Gross income vs. tax revenue
- Government spending categories (military maintenance, infrastructure)
- Deficit and surplus
- The Laffer curve (taxes too high reduce revenue)
- Opportunity cost in public spending

Sessions

- **Session 1 — Set baseline:** Open budget panel. Record income, expenses, net result.
- **Session 2 — Low tax test:** Lower tax rate by 5 points. Predict revenue. Wait 24h. Check.
- **Session 3 — High tax test:** Raise tax rate to maximum. Wait 24h. Compare revenue and happiness.
- **Session 4 — Spending choice:** Increase military or infrastructure spending. Track 24h impact.
- **Session 5 — Balance:** Find your nation's "sweet spot" tax rate. Defend your choice.

Worksheet prompts

- What tax rate produced the highest *total* revenue? (Not the highest rate.)
- How did happiness change between low-tax and high-tax weeks?
- If you had to cut spending, what would you cut first? Why?
- Define "deficit spending" using your own gameplay.
- Real-world: name one country that has run a long-term deficit. What were the consequences?

Discussion / debate prompts

- "Higher taxes always mean more revenue." Defend or refute, using your data.
- Is a balanced budget always best? When might a deficit make sense?

- Who pays when government spends more than it earns?